

Public Hearing
“A Comprehensive Review of Salary and Classification Levels
in the District of Columbia Government”
June 23, 2003

Introduction

Good morning Chairman Orange and members of the Committee on Government Operations. My name is Judy Banks, and I serve as the Interim Director of the D.C. Office of Personnel. I am here today to testify about the classification and compensation system of the District government. Recent newspaper articles in the Washington Times have discussed and compared the number of District employees making \$100,000 a year or more. And quite frankly, the article dated June 12, 2003 accurately explained the increase. But it is the compensation and classification systems which are the drivers for any employer, public or private sector.

Accordingly, in the District of Columbia, the mission of the DC Office of Personnel is:

to provide comprehensive human resource management services that strengthen individual and organizational performance and enable the government to attract, develop and retain a highly qualified, diverse workforce.

To accomplish our mission, the DC Office of Personnel continues to improve its ability to attract and retain employees. We have already begun to reform the classification and compensation systems to make them more modern and efficient, but due to the complexity of the current system – as it has evolved (some might say mutated) since 1979 – it will take significant time and resources to streamline our systems.

My testimony will cover the following topics: a brief history of classification and compensation in the District government; a summary of reforms to date; an

analysis of our current salaries; and a comparison of our salaries to those of other jurisdictions.

History of Classification and Compensation Systems

The current classification and compensation system of the District government is founded on the merit system principles of the federal government classification and compensation system (which was established by the Classification Act of 1949 and codified in chapter 51 of title 5 of U.S. Code). When the District government was a part of the Federal government, it was subject to the federal Office of Personnel Management's rules and regulations regarding qualifications, classification ranking factors, and compensation.

Upon the passage of the Home Rule Act, the District Council passed the Comprehensive Merit Personnel Act (CMPA) of 1978, which set up a classification and compensation system that was essentially identical to the federal system. The CMPA established a District classification and compensation system for Career and Educational Services employees based upon rewards for seniority and longevity, merit in recruitment, and equitable and adequate compensation.

The District's **classification system** is based upon the Federal Factor Evaluation System (FES) for white collar employees and the Federal Wage System (FWS) for blue collar employees. In both of these classification systems, a position is classified based upon ranking factors –nine for white collar positions and four for blue collar positions. Ranking factors include items such as supervisory controls, knowledge, skills, and certifications required, as well as the physical demands of the position. The ranking factors are weighted and used to determine the position's appropriate grade in the compensation system.

Likewise, the District's **compensation system** mirrors the federal government's compensation system. In the District's Career Service, a white collar pay grade contains 10 steps and it takes 18 years to move from the minimum step 1 to the maximum step 10 of the pay grade. To move through the 5 steps in a blue collar pay grade currently takes 6 years. Therefore, progression through the grade is based on time spent in a particular step, a structure that primarily rewards seniority over performance.

In addition to the Career Service, the District also has Excepted Service and Executive Service compensation systems for employees who are "at will" and who serve at the pleasure of the Mayor. Excepted Service employees have a separate pay schedule. The qualification standards for each Excepted Service position are established and published by the appropriate personnel authority in consultation with the Director of Personnel, and an applicant may be appointed non-competitively, so long as the individual appointed meets the qualification standards established for the position.

Executive Service appointments are made by the Mayor, as provided by law, and are subject to the Mayor's discretion and confirmation by the Council. The Omnibus Personnel Reform Act of 1998 authorized the creation of a separate Executive Service pay schedule, consisting of five broad banded levels, E1-E5. This schedule, which currently ranges from \$80,000 to \$140,000, was deemed approved by the Council on July 5, 2002. Salary exemptions to this schedule have been approved by Council resolution, including salaries for the Chief Medical Examiner (at \$165,000), the Chief of Police (at \$150,000), and for the former Director of Human Services, who earned \$150,000 per annum.

In July, upon the Mayor's approval, the Office of Personnel will convert Executive Service employees under the personnel authority of the Mayor from the Excepted Service pay schedule to the (DX) Executive pay schedule at their current salary

rates. As it states in the District Personnel Manual, Chapter 10, “Executive Service:”

The Director of Personnel shall provide relevant criteria for consideration by the Mayor in designating the appropriate pay level within the DX Schedule for each position in the Executive Service. Criteria shall include, but not be limited to, the following:

- (a) Agency budget characteristics;
- (b) Agency workforce characteristics;
- (c) Complexity of agency mission and functions; and
- (d) Desired qualifications for, or the impact of the person on, the position. (§1001.2)

At the end of my testimony, you will find Table 1, which lists the salaries of the Mayor’s cabinet.

It is important to note that all executive pay does not fall under the Mayor’s personnel authority. The District charter grants “independent pay authority” to the District of Columbia Board of Education and the University of the District of Columbia. “Independent personnel authority” is granted to several agencies and boards, including the Office of the Chief Financial Officer, CFSA, DMH, Office of Zoning, Retirement Board, Sports Commission, Lottery, Library, Armory, Auditor, Public Service Commission, Public Employee Relations Board, and the Council. Each of these independent personnel authorities is free to establish its own personnel rules and corresponding pay schedules.

In the past five years, the DC Office of Personnel has implemented several initiatives for **Reforming the District’s Classification and Compensation Systems**.

- The administration deeply appreciates the Council’s support of the Omnibus Personnel Reform Amendment Act of 1998, which established the Management Supervisory Service (MSS), an at-will, merit-based senior service. The Council approved the resolution to implement the MSS effective August 27, 2000.

- As provided for in the DC Code, a new pay schedule was developed for MSS employees to address the longstanding pay disparity between mid-level managers in Grades 11 through 16 in the District government and their counterparts in the federal government. In exchange for higher pay, MSS employees relinquished their career service protection and became at will employees. More than 1,000 employees accepted appointments into the MSS in August 2000. Despite the pay increase provided for MSS employees in FY 2000, the federal government's pay schedule for the Washington area is approximately 14% higher than for District managers and supervisors at the equivalent grade.

- Under the strategic goal of "Making Government Work," Mayor Williams has made increasing employee accountability for performance and customer service a high priority. The Omnibus Personnel Reform Act of 1998 authorized the Office of Personnel to design a new performance management system, to promote accountability and encourage employee development. The Performance Management Program or (PMP), is currently in place for all Excepted Service and Management Supervisory Service employees. In fact, Agency Directors are held accountable for their managers' participation in PMP, in their annual performance contracts with the Mayor.
 - Twenty days ago, on June 3, 2003, the Council passed legislation allowing the District government to implement the *first major structural changes* to the classification and compensation systems since 1979: a change in pay progression. Effective June 29, 2003, we will decrease the time it takes for a white collar employee (in Compensation Unit 1) to move from the minimum to the maximum of a grade from 18 years to 14 years. For blue collar employees (in

Compensation Unit 2), we will add a step, increase the range between the minimum and maximum salaries in a grade, and adjust the pay progression timeline. The Administration thanks the Council for its support and approval of these bold efforts to modernize our compensation systems.

The District lags behind in its efforts to implement reforms for its non-union employees, and, we are currently drafting legislation to make the system more equitable to Compensation Units 1 and 2, and hope to achieve parity for non-union career employees in the near future.

Current Salaries

Currently, the District has a workforce of approximately 32,000 employees. Of these, 814 earn at least \$95,000 per year, and more than half of these employees began working for the District prior to January 1, 1999, when the Mayor took office. Many of these employees have reached this level of compensation due to the step and grade structure of the system, which rewards seniority and longevity.

Of these 814 employees, just slightly over half – 474 – are employed in positions under the Mayor’s personnel authority. The remaining employees – 340 – serve in agencies with independent personnel authority.

Service	Number of Employees Earning at least \$95,000	Percentage
Career (including legal , fire and police managers)	156	33%
Excepted	143	30%
Executive	27	6%
Mgmt. Supvy. Service	148	31%
Total	474	100%

The 474 employees under the Mayor's personnel authority serve in a variety of position types, based on data from the personnel/payroll system [UPPS].

It is important to note that many of the attorneys serving as the General Counsel of an agency or as an Attorney in the Office of the Corporation Counsel are coded as Career Service employees, as well as Battalion Chiefs and other senior managers in the Fire and Emergency Medical Services Department.

The six agencies under the personnel authority of the Mayor with the greatest number of employees making at least \$95,000 are the Department of Health, the Metropolitan Police Department, the Office of the Chief Technology Officer, Fire and Emergency Medical Services, the Office of the Corporation Counsel, and the Department of Human Services. These six agencies account for 268 of the 474 employees earning \$95,000 or more in this salary range.

Agency	No. of employees earning \$95,000+	Career Service	Excepted Service	MSS	Executive Service
Metropolitan Police Department	58	42	15	0	1
Department of Health	57	29	27	0	1
Office of the Chief Technology Officer	47	1	36	9	1
Fire and Emergency Medical Service	40	35	3	1	1
Office of Corporation Counsel	39	23	9	6	1
Department of Human Services	27	17	9	0	1
Total	268	147	99	16	6

The Office of the City Administrator with the Office of the Deputy Mayor for Operations is conducting a review of the organization structure of the Departments of Health, Human Services, the Metropolitan Police, and Mental

Health. As noted in the chart, 147 of the 268 employees earning \$95k or more are in the career service – having attained seniority through longevity – equating to “years” of dedicated public service.

Comparison to Other Jurisdictions

As the recently released GAO report on the structural deficit of the District acknowledges:

Determining the appropriate benchmarks for the District’s spending is complicated by the fact that the District is a unique government entity. It has all of the fiscal responsibilities generally shared by state, city, county, and special district governments; however, it is a relatively small and densely populated area in comparison to the 50 states. No peer group of governments has both the same fiscal responsibilities and the same geographic and demographic characteristics as the District. (GAO-03-666 District of Columbia, p. 5)

There have been many media reports that the District government has more workers and more employees earning more than \$100,000 than places of comparable size. *Washington Times* reporters have compared the District to the cities of Chicago and Baltimore, and have even compared us to the states of Vermont and Delaware.

However, this is like comparing apples and elephants. There is no City of Baltimore Department of Motor Vehicles or Fairfax County Lottery Board.

Furthermore, the *Times*’ information is incomplete and paints a slanted portrait of the District government in relation to other jurisdictions. For instance, every *Times* article on this topic states that Chicago has 40,000 city employees and only 419 of them make \$100,000. But these numbers do not include the Chicago public school system, which has an additional 46,000 employees, for a total of 86,000 Chicago city employees. Similarly, the number of Baltimore city employees provided by the *Times* does not include its 13,000 public school

employees, nor does the account indicate to what degree Baltimore competes with the federal government similar employee types. The *Times* neglected to inform the public that Baltimore's equivalent of the District's MSS pay schedule, its Managerial and Professional Society's maximum pay is \$160k, \$20,000 more than the District's Executive pay schedule and almost \$40,000 more than the District's MSS pay schedule. We have requested the number of employees earning more than \$95,000 from both Chicago and Baltimore, and we await their responses.

A better comparison can be made with the District's surrounding jurisdictions – after all, this is who we compete with for the same employee skill sets. Even this comparison is complex because none of the other local jurisdictions provide the same range of services as the District. And here, too, the *Times* provided incomplete figures, as they left off thousands of public school employees in each county (20,000 in Fairfax County schools, 22,000 in PG County). Nor does the *Times* account for additional city government employees in cities like Rockville or Gaithersburg, in Montgomery County.

The size of these nearby governments is important, but so is the range of salaries available to their employees. Table 2, which you can find at the end of my testimony, provides the salary ranges for surrounding jurisdictions. Compared with our neighboring jurisdictions, the District's pay ranges are similar, particularly at the higher end. It is at the lower grades that we falter, especially compared to the federal government. Federal employees in the Washington area make 24-33% more than their District counterparts at the same grade (this includes the locality pay adjustment for federal workers in the Metropolitan Area). I have included pay schedules in your folders, for comparison.

Furthermore, as an employer, the District government must compensate for the city's high cost of living and high local tax burden. For example, the marginal income tax rate for D.C. residents earning more than \$30,000 is 9.3 percent,

which is well above the 5.75 that Virginians pay and the 7 to 8 percent that Maryland residents pay.

Other findings showed that police and fire compensation are typically on separate pay schedules from the general and executive schedules of other jurisdictions and that department head/commissioner level positions are typically negotiated. For a detailed comparison of how the District pays some of its cabinet level positions compared to surrounding jurisdictions, see Table 3, at the end of my testimony.

Conclusion

A comprehensive review of salary and classification levels in the District of Columbia Government reveals:

The District's current classification and compensation systems reward seniority and longevity. These systems are founded in the Federal government's comp and class systems, which remain a part of Title 5 of the US Code.

With the creation of the Council approved Management Supervisory Service – more than 1,000 career managers and supervisors relinquished their civil service rights and became “at-will” employees – simultaneously receiving higher compensation. This legislation immediately placed many District civil servants with more than 10 years of service in the \$100k category.

And finally, the unique challenges of working in the District government requires enticing talented, energetic, senior managers and executives who are raring to effect change, manage combined city, county, and state functions, and enhance the operational and financial efficiencies of our agencies.

The Office of Personnel finds it necessary to offer competitive salaries to recruit for these positions, and, we will continue to work with agencies and their directors to attract, recruit and retain a high quality workforce. We look forward to working with the Council to improve our compensation system to ensure the District Government retains job market competitiveness while simultaneously remaining fiscally responsible. We strive to be - Metropolitan Washington Area public sector employer of choice.

Thank you for the opportunity to testify before you today. I will be happy to answer questions the committee has at this time.

Table 1 - Cabinet Listing and Salaries

Name	Agency	Title	Salary
Jacques Abadie III	Office of Contracting and Procurement	Chief Procurement Officer	\$128,619
Neil O. Albert	Department of Parks and Recreation	Director	\$121,067
Kathryn S. Allen	Department of Banking and Financial Institutions	Commissioner	\$117,291
Christia Alou	Office on Latino Affairs	Acting Director	\$80,559
Andrew Altman	Office of Planning	Director	\$124,843
Darryl D. Anderson	Office of Cable Television and Telecommunications	Executive Director	\$113,515
Jonathan L. Arden, MD	Office of the Chief Medical Examiner	Chief Medical Examiner	\$165,000
Joy Arnold	Executive Office of the Mayor	Deputy Chief of Staff for Community Affairs	\$109,739
Judy D. Banks	Office of Personnel	Interim Director	\$124,843
Leonard Becker	Executive Office of the Mayor	General Counsel to the Mayor	\$117,389
James A. Buford, MD	Department of Health	Director	\$132,395
Tony Bullock	Executive Office of the Mayor	Director, Office of Communications	\$121,089
Greg G. Chen	Office of Asian & Pacific Islander Affairs	Director	\$72,498
David A. Clark	Department of Consumer and Regulatory Affairs	Director	\$132,395
Ronald R. Collins	Office of Boards and Commissions	Director	\$84,133
Timothy F. Dimond	Office of Property Management	Director	\$132,395
Jacquelyn Flowers	Office of Local Business Development	Director	\$111,783
Natwar M. Gandhi	Office of the Chief Financial Officer	Chief Financial Officer	\$171,000
Yvonne Gilchrist	Department of Human Services	Acting Director	\$140,000
Anthony Gittens	Commission on the Arts and Humanities	Executive Director	\$93,441
Olivia A. Golden, PhD	Children and Family Services Administration	Director	\$132,395
Carolyn N. Graham	Children, Youth, Families, and Elders	Deputy Mayor	\$128,619
Leslie A. Hotaling	Department of Public Works	Director	\$132,395

Name	Agency	Title	Salary
Gregory P. Irish	Department of Employment Services	Director	\$117,500
Stanley Jackson	Department of Housing and Community Development	Director	\$128,619
Margaret Nedelkoff Kellems	Public Safety and Justice	Deputy Mayor	\$128,619
Martha B. Knisley	Department of Mental Health Services	Director	\$139,947
John A. Koskinen	Office of the City Administrator	City Administrator	\$135,000
Peter LaPorte	Emergency Management Agency	Director	\$117,987
Mary E. Leary	Office of Labor Relations and Collective Bargaining	Director	\$139,947
Charles C. Maddox, Esq.	Office of the Inspector General	Inspector General	\$130,000
Gregory McCarthy	Executive Office of the Mayor	Deputy Chief of Staff for Policy and Legislative Affairs	\$109,739
Lawrence H. Mirel	Department of Insurance and Securities Regulation	Commissioner	\$121,067
Sherryl Newman	Office of the Secretary of the District of Columbia	Secretary of the District of Columbia	\$128,619
Veronica E. Pace	Office on Aging	Executive Director	\$108,681
Suzanne J. Peck	Office of the Chief Technology Officer	Chief Technology Officer	\$139,947
Linda Perkins	Office of Community Outreach	Interim Director	\$74,388
William L. Pollard	University of the District of Columbia	President	\$200,000
Eric W. Price	Planning and Economic Development	Deputy Mayor	\$128,619
Charles H. Ramsey	Metropolitan Police Department	Chief of Police	\$150,000
Mary E. Raphael	Public Libraries	Director	\$121,778
Kelvin J. Robinson	Executive Office of the Mayor	Chief of Staff	\$132,395
Kenneth Saunders	Office of Human Rights	Acting Director	\$102,477
Cornelia V. Spinner	State Education Office	Director	\$102,477
Robert Spagnoletti	Office of the Corporation Counsel	Acting Corporation Counsel	\$133,952
Dan Tangherlini	Department of Transportation	Director	\$124,843
Adrian Thompson	Department of Fire and Emergency Medical Services	Fire/EMS Chief	\$152,254*
Herbert R. Tillery	Operations	Deputy Mayor	\$128,619
Paul L. Vance	D.C. Public Schools	Superintendent	\$175,000

Name	Agency	Title	Salary
Odie Washington	Department of Corrections	Director	\$130,000
Lee Williams	Taxicab Commission	Commissioner	\$103,318
Mary C. Williams	Clean City Initiative	Clean City Coordinator	\$85,286
Anne Witt	Department of Motor Vehicles	Director	\$124,843

*includes \$19,859 in longevity and retention allowances

Table 2 – Salary Ranges of Local Jurisdictions

	Minimum Salary	Maximum Salary	Comments
DC Government – DS	\$14,258	\$132,334	To grade 18
DC Government – MSS	42,624	118,122	Grades 11-16
DC Government – Executive	80,000	140,000	Grades EI - E5
Federal Government Washington Area – GS	17,152	124,783	To grade 15
Federal Government Washington Area – SES	116,500	134,000	Grades ES-1 to ES-6
Federal Government Washington Area – Executive	\$125,400	\$171,900	Grades Level I (highest) to Level V (lowest)
Fairfax County, VA – General	12,698	147,442	Will receive an additional 2.56% increase as of July 1
Fairfax County, VA – Executive	48,896	147,442	Will receive an additional 2.56% increase as of July 1
Montgomery County, MD - General	19,713	126,790	Will receive increase on July 1
Montgomery County, MD – Management Leadership Service	\$51,577	\$121,946	Grades M1 - M3 Executive salaries are based on negotiation with county executive
Prince Georges County, MD	10,712	158,525	Includes executives
Anne Arundel County, MD	20,603	151,468	Includes executives
State of Virginia	13,101	Market	For Band 9. Band 8 goes as high as \$159,747
State of Delaware	16,198	131,881	Salaries higher than maximum are line items in annual budget act
City of Baltimore – Union	17,168	61,215	
City of Baltimore – Managerial and Professional Society	36,200	138,800	
City of Baltimore – Executive	50,000	160,000	Grades E1 – E3
City of Chicago	15,528	94,872	Executive pay negotiated by department and budget office

Table 3 – Executive Pay Comparison

	Police Chief	Fire Chief	Chief Technology Officer	Director of Health	Director of Motor Vehicles	Director of Human Services	County Executive/ Deputy Mayor/ Chief of Staff/ City Administrator
DC	\$150,000	\$152,254	\$139,943	\$132,395	\$124,843	\$140,000	\$132,395 Chief of Staff
City of Baltimore	\$150,000	\$118,400	\$120,000	\$124,400	N/A	N/A (run by state)	\$118,400, \$130,000, and \$140,000 Deputy Mayors
City of Chicago	\$159,288	\$136,104	\$116,652	\$134,424	N/A	\$125,844	COS = \$141,456 Mayor = \$197,868
Fairfax County, VA	\$136,427	\$133,000	\$136,427	\$135,000	N/A	\$130,000	\$187,494 County Exec
Montgomery County, MD	\$160,619	\$155,165	\$149,972	\$160,000	N/A	N/A	\$189,454 Chief Admin Off
Prince Georges County, MD	\$150,000	\$115,681	\$119,415	State Employee	N/A	State Employee	\$135,000 Chief Admin Off.
Delaware	\$126,900	N/A	\$133,600	\$141,600	\$83,700 (part of Dept. of Transportation)		N/A